

**WHAT IS CLAIMED:**

1. A method for using an e-duction card as a payment instrument during on-line and off-line purchases with a participating merchant, whereby a purchase amount paid with the e-duction card is deducted from an employee's future paycheck, the method comprising the steps of:
- authorizing, by an employer, a processing system to offer payroll deduction as a payment option during commerce transactions between the employee and the participating merchant;
  - signing-up, by the processing system, merchants who agree to accept the e-duction card;
  - establishing, by the processing system and the employer and by the processing system and the participating merchant, guidelines for using the e-duction card;
  - creating, by the processing system, e-duction cards that are used as a payment option by authorized employees and accounts that correspond to the e-duction cards;
  - selecting, by the employee, articles to be purchased from the participating merchant and paying for the articles with the e-duction card;
  - submitting, by the participating merchant to a network processor, information stored on the e-duction card;
  - verifying, by a network processor, the employee and merchant status;
  - processing, by the network processor, a transaction reflecting the employee's purchase;

21 transferring by the network processor to a payroll processor, the transaction in  
22 order for the transaction amount to be deducted from the employee's future paycheck;  
23 and  
24 updating the employee corresponding account and notifying the employee by the  
25 processing system.

1 2. The method of claim 1, wherein the step of establishing guidelines further  
2 comprises the steps of:  
3 establishing a number of pay periods during which payroll deductions can occur;  
4 establishing a number of transactions allowed to each employee; and  
5 basing the number of payroll deductions on a total price of the transaction.

1 3. The method of claim 2, wherein the step of establishing guidelines further  
2 comprises the steps of:  
3 authorizing the participating merchant to offer interest free payroll deductions up  
4 to a predefined time for payments over a certain amount; and;  
5 authorizing the participating merchant to automatically deduct monthly payments  
6 from employees that are authorized to use payroll deduction for such transactions..

1 4. The method of claim 3, wherein the step of establishing guidelines further  
2 comprises the step of establishing several sets of guidelines, whereby each set of  
3 guidelines is associated with employees within a particular status.

1 5. The method of claim 4, further comprising the step of storing the established  
2 guidelines and other identifying information for the employer, merchant and employee in  
3 a system database.

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1 6. The method of claim 4, further comprising the steps of periodically providing, by  
2 the employer, a list with information about employees who qualify to participate to use  
3 the e-duction card, and storing, by the processing system, the list with information in a  
4 system database.

1 7. The method of claim 5, wherein the step of submitting information on the e-  
2 duction card, further comprises the step swiping the e-duction card into a network  
3 infrastructure.

1 8. The method of claim 7, wherein the step of submitting information on the e-  
2 duction card, further comprises the step of executing the e-duction card on the processing  
3 system network infrastructure.

1 9. The method of claim 7, wherein the step of submitting information on the e-  
2 duction card, further comprises the step of executing the e-duction card on an existing  
3 network infrastructure.

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1 10. The method of claim 9, further comprising the steps of storing information in the  
2 system database in a network processor database and periodically synchronizing  
3 information in the system database and information in the network processor database.

1 11. The method of claim 10, wherein the step of creating further comprises the step of  
2 storing the employee account information on a magnetic stripe in the e-duction card.

1 12. The method of claim 11, wherein the step of verifying further comprises the step  
2 of using the account information on the magnetic stripe and information on the network  
3 processor database to verify the employee's employment status and account information  
4 and to verify that a submitting merchant is a participating merchant.

1 13. The method of claim 12, wherein the step of processing further comprises the step  
2 of approving or rejecting the transaction after the step of verifying.

1 14. The method of claim 13, wherein the step of processing further comprises the step  
2 of determining who is the employee's employee and which payroll processor processes  
3 the employee's paychecks..

1 15. The method of claim 14, wherein the step of transferring further comprises the  
2 step of transmitting periodically synchronized information from either the network

3 processor database or the system database to the appropriate payroll processor that  
4 processes the employee's paycheck.

1 16. The method of claim 15, step of transmitting periodically synchronized  
2 information further comprises the step of including the employee's social security  
3 number, name and amount to be deducted from each paycheck or the total transaction  
4 amount in the transmitted information.

1 17. The method of claim 16, further comprising the step of deducting, by the payroll  
2 processor, the appropriate amount from the employee's next paycheck.

1 18. The method of claim 1, wherein the step of notifying further comprises the step of  
2 sending an e-mail or mail to the employee, whereby the employee may use the e-mail to  
3 link to a system web site to review the employees' purchasing history and payroll  
4 deducting history for a pre-defined period of time.

1 19. The method of claim 1, wherein the step of selecting articles further comprises the  
2 step of selecting articles from the participating merchant's web site, store, catalog or  
3 telemarketing campaign.

1 20. The method of claim 1, wherein the step of paying for the articles further  
2 comprises the step of entering the account number on the e-duction card on the  
3 participating merchant's web site.

1 21. The method of claim 1, wherein the step of paying for the articles further  
2 comprises the step of entering the account number on the e-duction card on the  
3 participating merchant's telephone system.

1 22. The method of claim 1, wherein the step of paying for the articles further  
2 comprises the step of using the e-duction card in any similar fashion as any type of credit  
3 card.

1 23. The method of claim 1, wherein the step of creating e-duction cards further  
2 comprises the step of creating cards that are similar to credit cards but that are not  
3 necessarily bound by the same terms and conditions of a credit card.

1 24. The method of claim 1, wherein the step of creating e-duction cards further  
2 comprises the steps of including a chip in the e-duction card for storing the employee  
3 account information and purchasing history and updating information on the chip to  
4 reflect each transaction.

1 25. The method of claim 1, wherein the step of creating e-duction cards further  
2 comprises the step of creating private brand cards that may be executed on an existing  
3 network infrastructure.

1 26. The method of claim 1, wherein the step of establishing guidelines further

2 comprises the steps of:

3 establishing a maximum repayment balance allowed to each employee;

4 establishing a number of repayment periods allowed to each employee; and

5 basing the number of payroll deductions on a total balance price of the

6 transaction..

1 27. A system for using an e-duction card as a payment instrument during on-line and

2 off-line purchases with a participating merchant, whereby a purchase amount paid with

3 the e-duction card is deducted from an employee's future paycheck, the system

4 comprises:

5 first processing means for authorizing, by an employer, a processing system to

6 offer payroll deduction as a payment option during commerce transactions between the

7 employee and the participating merchant;

8 second processing means for signing-up, by the processing system, merchants

9 who agree to accept the e-duction card;

10 third processing means for establishing, by the processing system and the

11 employer and by the processing system and the participating merchant, guidelines for

12 using the e-duction card;

fourth processing means for creating, by the processing system, e-duction cards that are used as a payment option by authorized employees and accounts that correspond to the e-duction cards;

fifth processing means for selecting, by the employee, articles to be purchased from the participating merchant and for paying for the articles with the e-duction card;

sixth processing means for submitting, by the participating merchant to a network processor, information stored on the e-duction card;

seventh processing means for verifying, by a network processor, the employee and merchant status;

eight processing means for processing, by the network processor, a transaction reflecting the employee's purchase;

ninth processing means for transferring, by the network processor to a payroll processor, the transaction in order for the transaction amount to be deducted from the employee's future paycheck; and

tenth processing means for updating the employee corresponding account and for notifying the employee by the processing system.

28. The system of claim 27, wherein the third processing means of establishing guidelines further means for:

establishing a number of pay periods during which payroll deductions can occur;

establishing a number of transactions allowed to each employee; and

basing the number of payroll deductions on a total price of the transaction.



1 29. The system of claim 28, wherein the third processing means of establishing  
2 guidelines further means for:  
3 authorizing the participating merchant to offer interest free payroll deductions up  
4 to a predefined time for payments over a certain amount; and;  
5 authorizing the participating merchant to automatically deduct monthly payments  
6 from employees that are authorized to use payroll deduction for such transactions..

1 30. The system of claim 29, wherein the third processing means of establishing  
2 guidelines further means for establishing several sets of guidelines, whereby each set of  
3 guidelines is associated with employees within a particular status.

1 31. The system of claim 30, further comprising means for storing the established  
2 guidelines and other identifying information for the employer, merchant and employee in  
3 a system database.

1 32. The system of claim 30, further comprising means for periodically providing, by  
2 the employer, a list with information about employees who qualify to participate to use  
3 the e-duction card, and storing, by the processing system, the list with information in a  
4 system database.

1 33. The system of claim 31, wherein the sixth processing means for submitting  
2 information on the e-duction card, further comprises means for swiping the e-duction  
3 card into a network infrastructure.

1 34. The system of claim 33, wherein the sixth processing means for submitting  
2 information on the e-duction card, further comprises means for executing the e-duction  
3 card on the processing system network infrastructure.

1 35. The system of claim 33, wherein the sixth processing means for submitting  
2 information on the e-duction card, further comprises means for executing the e-duction  
3 card on an existing network infrastructure.

1 36. The system of claim 35, further comprising means for storing information in the  
2 system database in a network processor database and periodically synchronizing  
3 information in the system database and information in the network processor database.

1 37. The system of claim 36, wherein the fourth processing means for creating further  
2 comprises means for storing the employee account information on a magnetic stripe in  
3 the e-duction card.

1 38. The system of claim 37, wherein the seventh processing means for verifying  
2 further comprises means for using the account information on the magnetic stripe and

3 information on the network processor database to verify the employee's employment  
4 status and account information and to verify that a submitting merchant is a participating  
5 merchant.

1 39. The system of claim 38, wherein the eight processing means for processing  
2 further comprises means for approving or rejecting the transaction after the step of  
3 verifying.

1 40. The system of claim 39, wherein the eight processing means for processing  
2 further comprises means for determining who is the employee's employee and which  
3 payroll processor processes the employee's paychecks.

1 41. The system of claim 40, wherein the ninth processing means for transferring  
2 further comprises means for transmitting periodically synchronized information from  
3 either the network processor database or the system database to the appropriate payroll  
4 processor that processes the employee's paycheck.

1 42. The system of claim 41, means for transmitting periodically synchronized  
2 information further comprises means for including the employee's social security  
3 number, name and amount to be deducted from each paycheck or the total transaction  
4 amount in the transmitted information. .

1 43. The system of claim 42, further comprising means for deducting, by the payroll  
2 processor, the appropriate amount from the employee's next paycheck. .

1 44. The system of claim 43, wherein the tenth processing means for notifying further  
2 comprises means for sending an e-mail or mail to the employee, whereby the employee  
3 may use the e-mail to link to a system web site to review the employees' purchasing  
4 history and payroll deducting history for a pre-defined period of time.

1 45. The system of claim 27, wherein the fifth processing means for selecting articles  
2 further comprises means for selecting articles from the participating merchant's web site,  
3 store, catalog or telemarketing campaign.

1 46. The system of claim 27, wherein fifth processing means for paying for the articles  
2 further comprises means for entering the account number on the e-duction card on the  
3 participating merchant's web site.

1 47. The system of claim 27, wherein fifth processing means for paying for the articles  
2 further comprises means for entering the account number on the e-duction card on the  
3 participating merchant's telephone system.

1 48. The system of claim 27, wherein fifth processing means for paying for the articles  
2 further comprises means for using the e-duction card in any similar fashion as any type of  
3 credit card.

1 49. The system of claim 27, wherein the fourth processing means for creating e-  
2 duction cards further comprises means for creating cards that are similar to credit cards  
3 but that are not necessarily bound by the same terms and conditions of a credit card.

1 50. The system of claim 27, wherein the fourth processing means for creating e-  
2 duction cards further comprises means for including a chip in the e-duction card for  
3 storing the employee account information and purchasing history and updating  
4 information on the chip to reflect each transaction.

1 51. The system of claim 27, wherein the fourth processing means for creating e-  
2 duction cards further comprises means for creating private brand cards that may be  
3 executed on an existing network infrastructure.

1 52. The system of claim 51, wherein the third processing means for establishing  
2 guidelines further comprises means:

3 establishing a maximum repayment balance allowed to each employee;

4 establishing a number of repayment periods allowed to each employee; and

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